

**SCOTTSDALE TOURISM DEVELOPMENT COMMISSION
CITY OF SCOTTSDALE
PINNACLE CONFERENCE ROOM
7575 EAST MAIN STREET
SCOTTSDALE, ARIZONA 85251
OCTOBER 20, 2009
APPROVED MINUTES**

PRESENT: Mike Surguine, Vice-Chairman
Richard Bibee, Commissioner (arrived at 8:10 a.m.)
Kate Birchler, Commissioner
David Richard, Commissioner (departed at 9:09 a.m.)
Leon Young, Commissioner

ABSENT: John Holdsworth, Chairman
Sam Fox, Commissioner

STAFF: Kathy O'Connor, Tourism Development Manager
Kelly Ward, Assistant City Attorney
Steve Geiogamah, Tourism Development Coordinator
Scott McCarty, Financial Services General Manager

ALSO PRESENT FOR ALL OR PART OF THE MEETING:

Wayne Ecton, Councilman
Rachel Sacco, SCVB
Brent DeRaad, SCVB
Susan Davies, Fiesta Dog Show
Mary Brown, Festival of the West
Susan Potje, Celebration of Fine Art

1. Call to Order/Roll Call

Vice-Chairman Surguine called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:09 a.m. A formal roll call confirmed members present as stated above, noting the presence of a quorum. Vice-Chairman Surguine welcomed Richard Bibee to the Commission.

2. Approval of Minutes

Ms. O'Connor clarified that the State statute mentioned in the first paragraph of item seven, has been in existence since 1990. She also changed two instances of "would" to "could" in that paragraph. Vice-Chairman Surguine added a missing word to item six, paragraph two.

COMMISSIONER RICHARD MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 15, 2008 REGULAR MEETING, AS AMENDED. COMMISSIONER YOUNG SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FIVE (5) TO ZERO (0).

3. Manager's Update

a. Staff bed-tax collection report

Ms. O'Connor reported that bed-tax is down 12%, fiscal year-to-date. The rolling year average is down 21%. Revenue from the hotel/motel sector is down 19%, miscellaneous retail is down 13%, and restaurant is down 11%. Commissioner Richard said the numbers appear to be stabilizing. Commissioner Birchler reported that retail is beginning to show signs of improvement.

b. Bed Tax Proforma

Mr. McCarty reported that the request for supplemental bed tax funds from the General Fund would go before the Budget Review Commission in early December. The proforma is down 10% over the FY08/09 actuals, equating to a \$2.6 million shortfall in the bed and sales tax.

c. Smith Travel Report

Ms. O'Connor reported that occupancy for calendar year to date is down 11.7% over last year. Average daily rate is down 19.6%, and the RevPar is down 29% over last year.

4. TDC Event Sub-Committee Recommendation for FY09/10 Matching Event Advertising Funding (MEAF)

Mr. Geiogamah reviewed the MEAF Sub-committee recommendations regarding the FY09/10 MEAF contract from the September 22 meeting. Vice-Chairman Surguine said the Sub-Committee worked to clarify contractual requirements to ensure that all parties understand the rules and expectations. Mr. Geiogamah explained that the contract stipulates that collateral advertising material must identify events with either a City of Scottsdale logo, or a SCVB logo. Ms. O'Connor inquired whether Section 3.1 would apply to all event advertisements. Vice-Chairman Surguine clarified that it applies to MEAF-related material.

Mr. Geiogamah said event producers must identify and employ a booking engine or other measurable tool no later than 30 days prior to the event. In prior years, this was included in the post-event report, but now has its own section of the contract. Commissioner Richard suggested that the notification requirement be pushed to 60 days. Mr. Geiogamah agreed to adjust Section 3.4 accordingly. Vice-Chairman Surguine noted that the contract does not mention a measurable tool to track and measure room nights as decided upon by the SCVB, which is part of the Sub-Committee's motion. Ms. O'Connor proposed that the language read "shall be reviewed by City and SCVB staff." The Commission agreed to that suggestion.

Mr. Geiogamah noted that Section 3.5 of the contract requests that events feature a website link to the SCVB and City's website. Vice-Chairman Surguine said it should be a requirement, not simply a request. Mr. Geiogamah noted that the Sub-Committee also recommended that events become members of the SCVB. However, he noted that the City Attorney's Office expressed concern about requiring an event producer to become a member of another organization in order to receive City funding, and therefore, the draft

contract does not include that language. Commissioner Richard said it should be considered a major criterion for application, but does not necessarily have to be in the contract. Vice-Chairman Surguine felt that applicants should at least be informed that SCVB membership would work in their favor. The Commission agreed.

COMMISSIONER RICHARD MOVED TO APPROVE THE MEAF AGREEMENT, AS AMENDED. COMMISSIONER BIRCHLER SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FIVE (5) TO ZERO (0).

A. Russo and Steele Sports and Muscle in Scottsdale Auction Event

Mr. Geiogamah said the request was for \$12,000, and the Sub-Committee recommended that amount.

COMMISSIONER RICHARD MOVED TO RECOMMEND APPROVAL OF \$12,000 IN MEAF FUNDS FOR THE RUSSO AND STEELE SPORTS AND MUSCLE EVENT IN SCOTTSDALE. COMMISSIONER BIRCHLER SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FIVE (5) TO ZERO (0).

B. 55th Annual Scottsdale Arabian Horse Show

Mr. Geiogamah said the Sub-Committee recommended the requested amount of \$12,000.

COMMISSIONER BIRCHLER MOVED TO RECOMMEND APPROVAL OF \$12,000 IN MEAF FUNDS FOR THE SCOTTSDALE ARABIAN HORSE SHOW. COMMISSIONER RICHARD SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FIVE (5) TO ZERO (0).

C. Region 7 Arabian Championship Show

Mr. Geiogamah said the Sub-Committee recommended the amount of \$2,000. Commissioner Richard explained that the reward reflects a percentage reduction from the amount they received last year, consistent with the overall reduction in MEAF program funding.

COMMISSIONER RICHARD MOVED TO RECOMMEND APPROVAL OF \$2,000 IN MEAF FUNDS FOR THE REGION 7 ARABIAN CHAMPIONSHIP SHOW. COMMISSIONER BIRCHLER SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FIVE (5) TO ZERO (0).

D. Scottsdale Classic Futurity and Quarter Horse Show

Mr. Geiogamah said the Sub-Committee's recommended amount was \$5,000. Vice-Chairman Surguine added that this year's amount was also reduced by a percentage based on last year's amount.

COMMISSIONER BIRCHLER MOVED TO RECOMMEND APPROVAL OF \$5,000 IN MEAF FUNDS FOR THE SCOTTSDALE CLASSIC AND QUARTER HORSE SHOW. COMMISSIONER RICHARD SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FIVE (5) TO ZERO (0).

E. Barrett-Jackson Collector Car Events

Mr. Geiogamah noted that the Sub-Committee recommended funding for \$12,000.

COMMISSIONER BIRCHLER MOVED TO RECOMMEND APPROVAL OF \$12,000 IN MEAF FUNDS FOR BARRETT-JACKSON COLLECTOR CAR EVENTS. COMMISSIONER RICHARD SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FIVE (5) TO ZERO (0).

F. Celebration of Fine Art

Mr. Geiogamah said the Sub-Committee recommendation was for \$12,000, but the decision was deferred pending review of the event's collateral material. He distributed additional information provided by the event producer, and noted the steps Staff has taken to ensure that the program objectives are met. Ms. Potje, the event producer, reviewed the collateral material associated with the event. Mr. DeRaad said the event is one of the SCVB's top partners, and helps to extend the Scottsdale brand. In response to an inquiry from Commissioner Young, Ms. Potje said the event draws about 50,000 people, one third full-time residence, one third visitors, and one third from people who own second homes in Scottsdale. Attendees specifically plan their Scottsdale trips to coincide with the event, and there is a high degree of repeat business.

COMMISSIONER BIRCHLER MOVED TO RECOMMEND APPROVAL OF \$12,000 IN MEAF FUNDS FOR THE CELEBRATION OF FINE ARTS. COMMISSIONER RICHARD SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FIVE (5) TO ZERO (0).

G. Scottsdale's National Festival of the West

Mr. Geiogamah said the Sub-Committee expressed concern about the timing of the event during peak season and denied recommending funding. The prior year funding was \$7,000, this year's requested amount was \$12,000. Ms. Brown, the event producer said the event is proud to be back in Scottsdale. People come from all over the world to attend. The event is unique, and attracts Scottsdale's target demographic. Ms. Sacco said the event provides one of the few opportunities to celebrate the western element that makes Scottsdale special. It attracts many repeat international visitors.

Vice-Chairman Surguine inquired about the possibility of alternative dates. Ms. Brown said the event considered coinciding with Parada del Sol event, but WestWorld is completely booked at that time. Councilman Ecton said the City is pleased to have the event return. It helps preserve Scottsdale's western heritage. Commissioner Birchler inquired about the event working more closely with the SCVB. Ms. Brown said the SCVB logo would go on all advertisements once the funding is granted. All ads mention Scottsdale. She would be happy to add a booking engine with the SCVB's help. In response to an inquiry from Commissioner Young, Ms. Brown said about half the participants come from the local area, while the other half come from out of state.

Commissioner Bibee inquired about Scottsdale's value as a location. Ms. Brown responded that Scottsdale is easily identifiable, and the attendees were very happy that the event returned to the City. She offered to change the name of the event to

Scottsdale's National Festival of the West to reflect this. Ms. O'Connor noted that a 20% reduction from last year's amount is \$5,600.

COMMISSIONER RICHARD MOVED TO RECOMMEND APPROVAL OF \$5,600 IN MEAF FUNDS FOR SCOTTSDALE'S NATIONAL FESTIVAL OF THE WEST. COMMISSIONER BIRCHLER SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FIVE (5) TO ZERO (0).

H. Goodguys 12th Southwest Nationals

Mr. Geiogamah said the event is requesting \$12,000 for the November event. He reviewed the collateral material submitted by the producer. The Sub-Committee recommendation was for \$6,400, based on the prior year funding of \$8,400.

COMMISSIONER RICHARD MOVED TO RECOMMEND APPROVAL OF \$6,400 IN MEAF FUNDS FOR GOODGUYS 12TH SOUTHWEST NATIONALS. COMMISSIONER BIRCHLER SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FIVE (5) TO ZERO (0).

I. Scottsdale Culinary Festival

Mr. Geiogamah said the event requested \$12,000, and the Sub-Committee recommendation was for \$12,000 pending review of event collateral material. The Commission reviewed collateral material. Commissioner Young inquired about room night calculations. Vice-Chairman Surguine responded that MEAF has struggled with finding a consistent way to measure room night production, and hopes that the use of the SCVB's booking engine will help. Mr. DeRaad said the ideal scenario would be to conduct an economic impact study on each event, but the money is not currently available to do that. Commissioner Young said hotels and merchants might be interested in helping the City identify which events contribute the most to the ancillary spend. Councilman Ecton felt it would be very difficult to obtain good figures on the impact that events have on retail sales. Commissioner Young responded that historical data could be used to establish a baseline against which to measure an event's impact. Ms. Potje said the surveys that the Celebration of Fine Arts has conducted in the past indicate that the economic impact is huge. The surveys have to be consistent from event to event to adequately compare results.

COMMISSIONER BIRCHLER MOVED TO RECOMMEND APPROVAL OF \$12,000 IN MEAF FUNDS FOR THE SCOTTSDALE CULINARY FESTIVAL. COMMISSIONER YOUNG SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FOUR (4) TO ZERO (0). COMMISSIONER RICHARD WAS NOT PRESENT.

J. Arizona Bike Week

Mr. Geiogamah said the request is for \$12,000. He reviewed the collateral material. Mr. DeRaad noted that the event has stepped up their involvement with the SCVB and the promotion of Scottsdale in general.

COMMISSIONER BIRCHLER MOVED TO RECOMMEND APPROVAL OF \$12,000 IN MEAF FUNDS FOR ARIZONA BIKE WEEK. COMMISSIONER YOUNG SECONDED.

**THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FOUR (4) TO ZERO (0).
COMMISSIONER RICHARD WAS NOT PRESENT.**

K. Sun Circuit Quarter Horse Show

Mr. Geiogamah said the Sub-Committee recommendation was for \$7,600. Mr. DeRaad said the producers have worked very closely with the SCVB. The Commission reviewed collateral material. Vice-Chairman Surguine suggested a requirement next year that events submit collateral material along with their applications.

**COMMISSIONER BIRCHLER MOVED TO RECOMMEND APPROVAL OF \$7,600 IN
MEAF FUNDS FOR SUN CIRCUIT QUARTER HORSE SHOW. COMMISSIONER
YOUNG SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF
FOUR (4) TO ZERO (0). COMMISSIONER RICHARD WAS NOT PRESENT.**

L. Scottsdale Fashion Week

Commissioner Birchler recused herself from this discussion. The item was tabled due to lack of a quorum.

M. Fiesta Dog Show

Mr. Geiogamah noted that the Sub-Committee expressed concern that the event is held during the peak season. The request is for \$5,169. Ms. Davies said the event has experienced enormous growth over the last ten years, has become the largest dog show west of the Mississippi, and is one of the top events in the nation. It attracts national and international exhibitors and attendees who spend extra vacation time in Scottsdale. It also attracts many local families since there is no admission fee. The producers are very happy with WestWorld as a venue, and welcome the opportunity to work more closely with Scottsdale.

Commissioner Bibee said he noticed the local presence at last year's event, but was unable to get a clear picture of how many out of state attendees were present. Ms. Davies responded that it is primarily an out of state event. Top dog show competitors must travel extensively to retain ranking. In response to a comment from Ms. O'Connor, Ms. Davies said the website lists Scottsdale hotels that allow dogs. Vice-Chairman Surguine inquired about the possibility of moving the event out of March. Ms. Davies noted that in most years, the event is in the last part of February. A later date risks having the health of dogs threatened by the heat. An earlier date would prevent the use of WestWorld. The outdoor venue is a primary attraction of the show.

Councilman Ecton said this event adds something different to Scottsdale's list of attractions, and attracts people that might not otherwise come here. Vice-Chairman Surguine expressed concern over whether the event generates enough room nights. It has been in existence for a long time, and yet the tourism industry seems largely unaware of it. Mr. DeRaad said the SCVB is ready to help change that. Ms. Davies said as a non-profit, the event does not have the revenue to conduct an extensive marketing campaign, and has struggled to get local support. Ms. Sacco said the SCVB has a goal of attracting more families to Scottsdale, and could help grow this event that already exists. Ms. Davies cited a study illustrating the economic impact that dog shows can have on communities. Attendance numbers did not drop last year, despite the economy.

The free admission has helped in that regard. The Commission recommended that the event join the SCVB. Ms. O'Connor noted that a 20% reduction from the request would be \$4,135.

COMMISSIONER YOUNG MOVED TO RECOMMEND APPROVAL OF \$4,135 IN MEAF FUNDS FOR FIESTA DOG SHOW. COMMISSIONER BIRCHLER SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FOUR (4) TO ZERO (0). COMMISSIONER RICHARD WAS NOT PRESENT.

Commissioner Bibee suggested the TDC provide feedback on strategies that events could use to ensure they continue to receive MEAF funds in the future. The application could be revised to encourage events to drive more room nights.

Commissioner Birchler suggested that the TDC receive a report, prior to the end of the fiscal year, regarding what funds were actually allocated to each event. This would enable the Commission to evaluate whether they met the requirements. Vice-Chairman Surguine requested reports on MEAF events throughout the year, rather than waiting for a year-end review.

Commissioner Young noted that since most of the events take place in northern Scottsdale, downtown hotels must spend a lot of time figuring out what events are available for guests to enjoy. Vice-Chairman Surguine agreed that Scottsdale should educate member hotels about Scottsdale events. Councilman Ecton proposed that the hotels survey guests to learn which events they plan to attend.

5. Findings and Implications of the 2009 Leisure Visitor Inquiry Study

The Commission agreed to table this item until the next meeting.

6. FY2007-2008 Scottsdale Convention and Visitors Bureau Contract Year-end Performance Measures Report

Ms. O'Connor presented the annual SCVB performance measures report. This year's conversion ratio of 76% was very good. The SCVB did a great job of delivering on the performance measures in light of the substantial budget reductions they endured. Ten of the sixteen measures exceeded the goals. All performance measures related to the Super Bowl and the marathon were met. Ms. Sacco clarified that the report used the original performance measures, not those that were revised once it became clear that the SCVB budget would be reduced. The Commission and Councilman Ecton offered their accolades for the SCVB's performance.

7. Desert Discovery Center Feasibility Study-Phase Update

Vice-Chairman Surguine announced that Council unanimously approved up to \$500,000 to proceed with Phase Two of the DDC. The money would go a long way towards ensuring that the DDC project is done the right way. He reported that the DDC Sub-Committee visited the Desert Botanical Garden, which offers many lessons on how to run an attraction as a successful business. The DDC is seen as a compatible

attraction, not a competitive one. Ms. O'Connor noted that the Garden's Executive Director validated that \$500,000 is a reasonable estimate for the Phase Two study cost.

8. Proposed Bed Tax Increase Update

Vice-Chairman Surguine noted that Council unanimously approved a voter referendum to increase the bed tax from 3% to 5%. They also agreed to dedicate 50% of the total bed tax directly to the SCVB, and the remaining 50% to a combination of special events, research and tourism-related capital projects. The public should be informed that this special type of tax would be used to promote tourism. Ms. O'Connor said Council must still decide on specific allocations for the remainder of potential activities, which includes the possibility for General Fund contributions.

9. Identification of Future Agenda Items

Ms. O'Connor noted that the November meeting would be held at the Gateway to the McDowell Preserve.

10. Public Comment

No members of the public wished to address the Commission.

11. Adjournment

With no further business before the Commission, the meeting adjourned at 10:06 a.m.

Respectfully submitted,
A/V Tronics, Inc. DBA AVTranz.